

Separating International Equity Exposure from Currency Risk

Xtrackers
by DWS

DBEF

Xtrackers MSCI EAFE Hedged Equity ETF

Index	MSCI EAFE US Dollar Hedged Index
Benchmark	MSCI EAFE Index
Listing date	6/9/2011
Gross/net expense ratio	0.35%
Currency hedge ratio	100%

EAFH

Xtrackers MSCI EAFE 50% Hedged Equity ETF

Index	MSCI EAFE 50% Hedged to USD Index
Benchmark	MSCI EAFE Index
Listing date	10/1/2026
Gross/net expense ratio	0.20%
Currency hedge ratio	50%

International diversification comes with currency risk

EAFE equities provide access to major developed markets across Europe, Australasia, and the Far East, offering diversification not only by geography, but also across sectors and growth drivers. For U.S.-based investors, however, this exposure comes with risks from fluctuations in multiple foreign currencies.

EAFE exposure

21 developed markets
13 distinct currencies

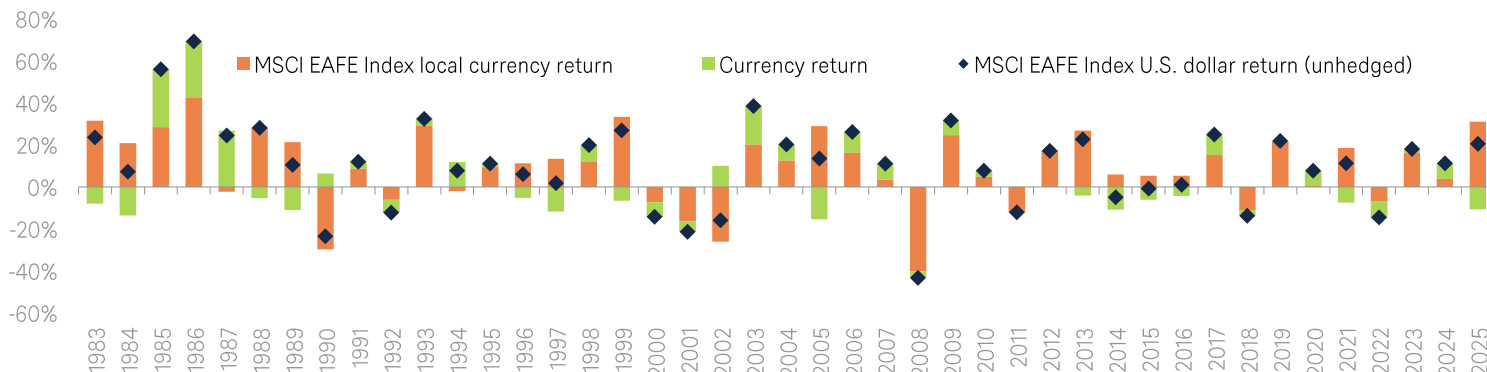


Australia AUD BHP · Commonwealth Bank · Westpac	Hong Kong HKD, USD AIA · HKEX · Prudential	Norway NOK DNB · Equinor · Kongsberg
Austria EUR Erste Group · BAWAG · OMV	Ireland EUR Experian · AIB · AerCap	Portugal EUR EDP · BCP · Galp
Belgium EUR AB InBev · argenx · UCB	Israel ILS, USD Teva · Bank Leumi · Bank Hapoalim	Singapore SGD DBS · OCBC · UOB
Denmark DKK Novo Nordisk · DSV · Danske Bank	Italy EUR UniCredit · Intesa Sanpaolo · Enel	Spain EUR Santander · Iberdrola · BBVA
Finland EUR Nokia · Nordea · Sampo	Japan JPY Tokyo Electron · MUFG · Kioxia	Sweden SEK Investor AB · Spotify · Volvo
France EUR Schneider Electric · TotalEnergies · LVMH	Netherlands EUR ASML · Airbus · ING	Switzerland CHF Roche · Novartis · Nestlé
Germany EUR Siemens · Allianz · SAP	New Zealand NZD Fisher & Paykel · Xero · Auckland Airport	United Kingdom GBP HSBC · AstraZeneca · Shell

Source: Bloomberg, DWS, as of 6/30/2026. Top three equity holdings in each country are ranked by their weight in the MSCI EAFE Index.

Currency contribution to return can be unpredictable

Contribution to total return (1983 to 2025)

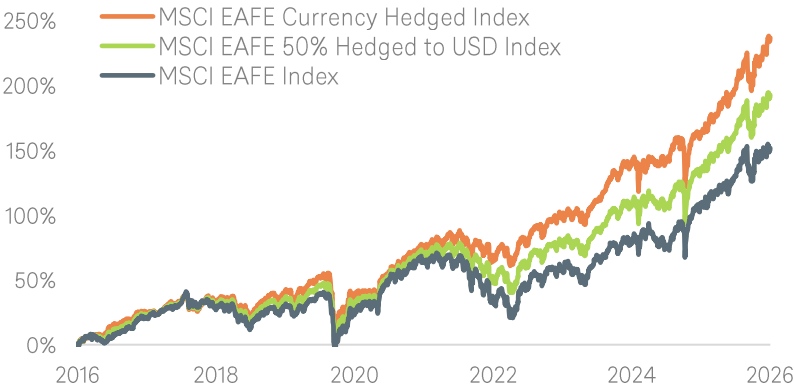


Source: Bloomberg, DWS, as of 6/30/2026. Past performance is no guarantee for future returns. It is not possible to invest directly in an index.

Currency hedging has made a meaningful difference in EAFE returns

Currency exposure can materially affect international equity outcomes for U.S. investors. Over the 10 years ended June 30, 2026, the MSCI EAFE Currency Hedged Index returned 12.90% annualized, compared with 9.66% for the unhedged MSCI EAFE Index. The MSCI EAFE 50% Hedged to USD Index returned 11.32% annualized, falling between the fully hedged and unhedged exposures.

Cumulative total returns (6/30/2016 to 6/30/2026)

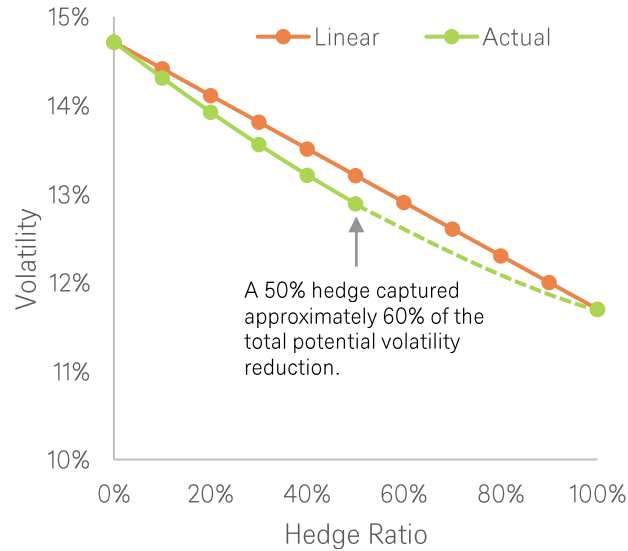


From 6/30/2016 to 6/30/2026	MSCI EAFE Currency Hedged Index	MSCI EAFE 50% Hedged to USD Index	MSCI EAFE Index
Return (geometric)	12.90%	11.32%	9.66%
Return (arithmetic)	12.89%	11.64%	10.38%
Volatility	11.83%	13.11%	14.98%
Sharpe	0.89	0.71	0.54
Downside deviation	9.05%	9.68%	10.41%
Sortino	1.17	0.96	0.77
Up Capture Ratio	83%	92%	100%
Down Capture Ratio	56%	78%	100%

Source: MSCI, DWS, as of 6/30/2026. Past performance is no guarantee for future returns. It is not possible to invest directly in an index.

Nonlinear relationship between hedge ratio and reduction in volatility

Volatility vs. Hedge Ratio for the MSCI EAFE Index (12/31/2015 to 02/27/2026)



Source: MSCI, DWS, as of 2/10/2026. Past performance is no guarantee for future returns. It is not possible to invest directly in an index.

Portfolio volatility with foreign currency exposure:

$$\sigma_P(h) = \sqrt{\sigma_E^2 + (1 - h)^2 \sigma_{FX}^2 + 2(1 - h)\rho \sigma_E \sigma_{FX}}$$

h = currency hedging ratio
 $1 - h$ = remaining unhedged currency exposure
 σ_E = equity volatility
 σ_{FX} = currency volatility
 ρ = correlation between equity and currency exposure

A 50% currency hedge may capture more than 50% of the total potential volatility reduction. Two features make this relationship nonlinear:

- 1. Remaining currency exposure is squared in the variance calculation.
- 2. Volatility is the square root of total variance.

The precise reduction depends on the assumed levels of equity volatility, currency volatility, and correlation. Therefore, there is no universal percentage, but the nonlinear relationship follows from the portfolio-risk equation.

For the MSCI EAFE Index, a 50% currency hedge reduced volatility by approximately 60% of the total reduction achieved with a 100% hedge. The nonlinear relationship was also observed in model portfolios with hedge ratios of 10%, 20%, 30%, and 40%.

How DBEF and EAFH fit into portfolios

- **Developed-market exposure with reduced currency risk:** DBEF and EAFH provide access to developed international equity markets while seeking to mitigate some or all of the impact of foreign currency movements relative to the U.S. dollar.
- **A strategic complement to U.S. equity allocations:** For investors seeking to diversify beyond the United States, DBEF and EAFH provide exposure to international companies across Europe, Australasia, and the Far East. In addition to geographic diversification, the funds may broaden exposure across sectors and sources of growth.
- **Hedged and unhedged exposure in a single fund:** EAFH combines hedged and unhedged currency exposure within one fund, providing a simplified approach to maintaining a balanced currency allocation. This structure reduces the need to manage and rebalance separate hedged and unhedged ETFs or trade across two bid-ask spreads.

Glossary

Annualized return: The average yearly rate of return over a period longer than one year, expressed as an annual percentage.

Correlation: A measure of how two investments or sources of return move relative to each other, ranging from -1 to +1.

Cumulative total return: The total change in an investment's value over a specified period, including price changes and reinvested income or distributions.

Currency carry: The effect of interest-rate differences between two currencies on the cost or benefit of currency hedging, as reflected in forward exchange rates.

Currency hedging: An approach designed to reduce the effect of exchange-rate movements on an international investment's returns.

Currency risk: The possibility that changes in exchange rates will increase or reduce the U.S. dollar value of an international investment.

Down capture ratio: A measure of performance relative to a benchmark during periods when the benchmark declined. A ratio below 100% indicates that the investment experienced less of the benchmark's decline during those periods.

Downside deviation: A measure of volatility that focuses only on returns falling below a defined threshold or minimum acceptable return.

Fully hedged: An investment approach that seeks to offset substantially all foreign-currency exposure relative to the U.S. dollar.

FX forward contract: An agreement to exchange two currencies at a specified exchange rate on a future date. These contracts are commonly used for currency hedging.

Hedge ratio: The percentage of foreign-currency exposure that is hedged. A 50% hedge leaves approximately half of the currency exposure unhedged.

MSCI EAFE 50% Hedged to USD Index refers to the EAFE index strategy that seeks to reduce the risk of adverse price movements that can result from currencies by hedging 50% of the Index's currency exposures.

MSCI EAFE Currency Hedged Index refers to the EAFE index strategy that seeks to reduce the risk of adverse price movements that can result from currencies.

MSCI EAFE Index: A widely used benchmark of developed-market stocks outside the United States and Canada, including markets in Europe, Australasia and the Far East.

Partially hedged: An investment approach that hedges only a portion of foreign-currency exposure, combining hedged and unhedged exposure.

Sharpe ratio: A measure of return above the risk-free rate relative to total volatility. A higher ratio indicates more return per unit of measured risk.

Sortino ratio: A measure of return above a minimum acceptable return relative to downside deviation. Unlike the Sharpe ratio, it focuses only on returns below the selected threshold.

Unhedged: An investment approach that retains foreign-currency exposure, meaning returns may be affected by both equity-market and exchange-rate movements.

Up capture ratio: A measure of performance relative to a benchmark during periods when the benchmark rose. A ratio below 100% indicates that the investment captured less of the benchmark's gains during those periods.

Volatility: A measure of how widely returns fluctuate over time. Higher volatility generally indicates greater variability in returns.

Definitions are simplified for general educational purposes and retail investors.

Fund Risks: Because Exchange Traded Funds (ETFs) trade on a securities exchange, their shares may trade at a premium or discount to their net asset value. ETFs also incur fees and expenses so they may not fully match the performance of the indexes they are designed to track. Investing involves risk, including the possible loss of principal. Stocks may decline in value. An investment in the fund should be considered only as a supplement to a complete investment program for those investors willing to accept the risks associated with the fund. Please read the prospectus for more information.

War, terrorism, sanctions, economic uncertainty, trade disputes, public health crises and related geopolitical events have led, and, in the future, may lead to significant disruptions in U.S. and world economies and markets, which may lead to increased market volatility and may have significant adverse effects on the fund and its investments.

Investing involves risk, including the possible loss of principal. Foreign investing involves greater and different risks than investing in US companies, including currency fluctuations, less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, political instability and differing auditing and legal standards. The fund's use of forward currency contracts may not be successful in hedging currency exchange rates changes and could eliminate some or all of the benefit of an increase in the value of a foreign currency versus the US dollar. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. An investment in this fund should be considered only as a supplement to a complete investment program for those investors willing to accept the risks associated with the fund. Please read the prospectus for more information. The funds or securities referred to herein are not sponsored, endorsed, issued, sold or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities or any index on which such funds or securities are based. The Prospectus contains a more detailed description of the limited relationship MSCI has with DBX Advisors LLC and any related funds.

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